
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
MINUTES OF MEETING
Thursday, June 19, 2008

A meeting of the Board of Administration was held on Thursday, June 19, 2008, CalPERS Auditorium, Lincoln Plaza North, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:00 a.m. by Board President Rob Feckner.

The Secretary called the roll and the following Board members were present:

Rob Feckner, President
Marjorie Berte
Ruth Holton-Hodson representing John Chiang
Debbie Endsley representing David Gilb
Steve Coony representing Bill Lockyer
Priya Mathur
Tony Oliveira
Anne Sheehan
Charles Valdes

Excused: George Diehr
Henry Jones
Lou Moret
Kurato Shimada

AGENDA ITEM 3 – APPROVAL OF THE MAY 15, 2008 MEETING MINUTES

ON MOTION by Priya Mathur, **SECONDED** and **CARRIED**, the Board approved the May Board minutes.

AGENDA ITEM 4 – INTERIM CHIEF INVESTMENT OFFICER REPORT

Matt Flynn, Senior Investment Officer, presented this report to the Board.

Through the end of April, the market value of the fund was \$248.4 billion and generating a return for the fiscal year to date of 1.3 percent. As of May 31st, 2008, the market value of the fund was \$248.1 billion and fiscal year to date performance improved to 2.2 percent.

AGENDA ITEM 5 – INVESTMENT COMMITTEE

Priya Mathur, Vice Chair, Investment Committee, presented the Committee Summary report (attached) to the Board. The Committee met on Monday, June 16, 2008.

Additional information may be found in the June 16, 2008 Agenda materials and/or transcripts of the Committee meeting.

The next Investment Committee meeting is scheduled for August 18, 2008 in Sacramento, California.

AGENDA ITEM 6 – BENEFITS AND PROGRAM ADMINISTRATION COMMITTEE

The committee did not meet.

AGENDA ITEM 7 – HEALTH BENEFITS COMMITTEE

Priya Mathur, Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Wednesday, June 18, 2008.

Additional information may be found in the June 18, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee, the Board approved the following:

- Adoption of a support position on AB 1203 (Salas) Health Care Service Plans: Post Stabilization Care.
- Support, if amended position on AB 2967 – Health Care Cost and Quality Transparency.
- Support, if amended position on SB 1300 (Corbett) – Health Care Pricing and Quality Information.
- Staff's recommendation to extend the Blue Shield HMO contract for one year provided Blue Shield agrees to appropriate contract revisions satisfactory to staff; and, 2) approve the 2009 rates as set forth in Attachment 1.
- Staff's recommendation to approve the proposed 2009 rates for the California Association of Highway Patrolmen Health Benefits Trust, the California Correctional Peace Officers' Association Benefit Trust Fund and the Peace Officers' Research Association of California Insurance and Benefits Trust, as set forth in the revised Attachment 2, which includes corrections to the California Correctional Peace Officers' Association Benefit Trust Fund's proposed 2009 Health benefit plan premium rates. Ms. Berte abstained.
- Staff's recommendation to approve the proposed 2009 regional rates for the Self-Funded Health Plans as set forth in Attachment 3.
- Staff's recommendation to approve the following components of the Health and Disease Management Initiative: 1) Implement comprehensive performance monitoring beginning in 2008; and, 2) Develop an action plan to expand program offerings to ensure consistency across all health plans in 2009.
- Staff's recommendation to approve forwarding the list of eligible ZIP codes set forth in Attachment 4 to the Department of Personnel Administration (DPA) for use in administering its Rural Health Care Equity Program and to grant staff the authority to notify DPA of changes to the Board-approved ZIP code list throughout the 2009 plan year.

The next Health Benefits Committee meeting is scheduled for August 19, 2008 in Sacramento, California.

AGENDA ITEM 8 – FINANCE COMMITTEE

Tony Oliveira, Chair, Health Benefits Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, June 17, 2008.

Additional information may be found in the June 17, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee the Board approved the following:

- Basic Financial Statements of the Volunteer Firefighters' Length of Service Award Fund as audited by Macias Gini & O'Connell LLP for the period ending February 29, 2008, and the letter of transmittal.
- 1) Expansion of the specialties for existing firms in the Real Estate Spring Fed Pool to perform additional services; 2) Selection of new firms in the Real Estate Spring-Fed Pool.
- Biennial Audit Plan for fiscal years 2008-09 and 2009-10 with the addition of an audit of Kaiser's Rate Setting Methodology.
- Transmittal letter and submission of the Budget and Expenditure Report through the third quarter of FY 2007-08 to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2007, and to the Legislative Analyst's Office, State and Consumer Services Agency and the Office of the Legislative Counsel.
- Amendment of Board Resolution 92-04B-6, dated April 17, 1996, to increase information Technology Goods and Services purchase limitations.

The Next Finance Committee is scheduled for September 16, 2008 in Sacramento California.

AGENDA ITEM 9 – PERFORMANCE AND COMPENSATION COMMITTEE

Priya Mathur, Chair, Performance and Compensation Committee, presented the Committee Summary report to the Board. The Committee met on Tuesday, June 17, 2008.

Additional information may be found in the June 17, 2008 Agenda materials and/or transcripts of the Committee meeting.

On Motions by the Committee the Board approved the following

- First reading of the 2008-09 Performance Plans for the Interim Chief Executive Officer, Chief Actuary, General Counsel, Interim Chief Investment Officer and Senior Investment Officers.
- First reading of the 2008-09 Performance Plans for the Senior Portfolio Managers and Portfolio Managers.

The next Performance and Compensation Committee meeting is scheduled for August 19, 2008 in Sacramento, California.

AGENDA ITEM 10 – BOARD MEETING CALENDAR

The Health Workshop and the Board Governance Workshop will be added to the calendar for Board Week in August.

AGENDA ITEM 11 – INTERIM CHIEF EXECUTIVE OFFICER'S REPORT

Ken Marzion gave updates on the following:

Kaiser – PEMHCA program
Iowa Flood victims – retired members of CalPERS
APEX Award ceremonies

AGENDA ITEM 12 – PENSION SYSTEM RESUMPTION PROJECT

Teri Bennett, Assistant Executive Officer, Information Technology Services Branch, gave a status report on the PSR project.

AGENDA ITEM 13 – BOARD’S STATE LEGISLATIVE PROGRAM/BOARD’S POSITION ON STATE LEGISLATION

Wendy Notsinneh, Chief, Governmental Affairs gave an update on the legislative bills for 2008.

AGENDA ITEM 14 – BOARD’S FEDERAL LEGISLATIVE PROGRAM/BOARD’S POSITION ON FEDERAL LEGISLATION

Tom Lussier, CalPERS Federal Legislative Liaison gave updates on the following.

- Market value liability
- IRS investigation
- Climate Risk Authority
- SEC Nominees

AGENDA ITEM 15 – PROPOSED DECISIONS OF ADMINISTRATIVE LAW JUDGES

ON MOTION by Priya Mathur, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendation on items 15 B, C, D, E, F, G, H, I and J. Marjorie Berte abstained on Items 15D and 15F.

ON MOTION by Priya Mathur, **SECONDED** and **CARRIED**, the Board that item 15A be remanded back to the ALJ for consideration of additional evidence.

AGENDA ITEM 16 – PETITION FOR RECONSIDERATION

ON MOTION by Debbie Endsley, **SECONDED** and **CARRIED**, the Board adopted staff’s recommendation on item 16A.

AGENDA ITEM 17 – DESIGNATION OF PRECEDENTIAL DECISION RECONSIDERATION

ON MOTION by Tony Oliveira, **SECONDED** and **CARRIED**, the Board approved to reconsider the ALJ’s decision in the Galt Services Authority case and not designate it as precedential.

AGENDA ITEM 18 – GENERAL COUNSEL’S REPORT

Peter Mixon mentioned that a Board Governance Workshop will be held during the August Board week.

AGENDA ITEM 19 – CLOSED SESSION

AGENDA ITEM 20 – BOARD TRAVEL APPROVALS

ON MOTION by Priya Mathur, **SECONDED** and **CARRIED**, the Board approved the travel requests.

AGENDA ITEM 21 – DRAFT AGENDA

The Board Governance Workshop will be added to the August agenda.

AGENDA ITEM 22 – NEW BUSINESS AGENDA SETTING

No comments.

The CalPERS Board of Administration recessed into closed session at 10:03 a.m.

AGENDA ITEM 23 – PUBLIC COMMENT

Debra Ricor, retired state employee, spoke on behalf of truemajority.org and the Sacramento Coalition to End War.

There being nothing further to come before the Board of Administration, the meeting adjourned at 11:08 a.m.